

E-rate

Dawn Wilson

Idaho State Department of Education

208-332-6971

dwilson@sde.state.id.us

Background - Overview

◆ Schools and Libraries Support Mechanism started providing discounts as of January 1, 1998

– Telecommunications Act of 1996

- Congress directed the FCC to “establish competitively neutral rules . . . to enhance, to the extent technically feasible and economically reasonable, access to advance telecommunications and information services for all public and non-profit elementary and secondary school classrooms . . . and libraries.”

First Report and Order (FCC 97-157)

Background - Overview

◆ Eligible Services

– Priority 1

- Telecommunications Services
 - local and long distance phone service
 - wireline and wireless
 - voice, data, video
- Internet Access

– Priority 2

- Internal Connections (switches, hubs, routers, wiring)
 - Basic Maintenance on Internal Connections
- Priority 1 funded first, then Priority 2 funded beginning with neediest applicants (90%, 89%, etc)

Internal Connections Requests: 2 in 5

- ◆ New category of service: Basic Maintenance of Internal Connections
- ◆ All other Internal Connections can now only be requested two out of every five years for each eligible entity.
 - Counting starts with FY 2005.
 - If requested in FY 2005, then can request again in FY 2006, but would not be eligible for IC funds in FY 2007, FY 2008 and FY 2009.
 - Applicable to both site-specific and shared services.

Background - Overview

◆ Eligible Services

– Eligible Services List

- Lists services by category (Telecommunications Services, Internet Access, Internal Connections, and Miscellaneous)
 - Services which are conditionally eligible
 - Ineligible services
- Available on SLD web site at <http://www.sl.universalservice.org>

Eligible Services List Format Changes

- ◆ Standardized Product Types and Functions
- ◆ Description is now 2 categories:
 - Description
 - Eligibility Description
- ◆ Pages now have Funding Year Date

Internet Access		
<p>Eligibility Requirements for All Internet Access Services: Descriptions in this section are limited to the provision of "basic conduit access" to the Internet, and apply to services, not purchases of equipment used in Internet Access. Service Providers for Internet Access need not be eligible telecommunications providers.</p> <p>Internet Access is an information service. The Communications Act of 1934 (as amended) defines an information service as "the offering of a capability for generating, acquiring, storing, transforming, processing, retrieving, utilizing, or making available information via telecommunications, and includes electronic publishing, but does not include any use of any such capability for the management, control, or operation of a telecommunications system or the management of a telecommunications service." [47 U.S.C. 153(20)].</p> <p>Under FCC rules, funding is available for Internet access that "[transmits] information as part of a gateway to an information service, where that transmission does not involve the generation or alteration of the content of information but may include data transmission, address translation, protocol conversion, billing management, introductory information content, and navigational systems that enable users to access information services that do not affect the presentation of such information services to users."</p> <p>To qualify as Internet access, all services must reach the boundary of public Internet space.</p>		
Product Type (Function)	Description	Eligibility
Broadband Internet Access (Internet Access)	<p>Description: Broadband Internet Access refers to an integrated information service that provides high-speed transmission through T-1 lines, DSL, Frame Relay, cable modems, wireless facilities, or other technologies.</p> <p>Eligibility: Broadband Internet Access may be eligible for funding as Internet access if that offering is the most cost-effective means of accessing the Internet.</p>	
Cable Modem Service (Internet Access)	<p>Description: Cable modem service provides a high-</p>	
Schools and Libraries' Eligible Services List for Funding Year 2005 – Page 17		

Eligible Services List Web Interface

- ◆ Searchable format
 - Category
 - Function
 - Product Type
 - Keyword
- ◆ Results grouped by Funding Bucket
- ◆ Search by “All” generates entire list.

USAC Schools & Libraries

Detailed Search of the Eligible Services List

Use the drop down boxes or indicate a keyword to search for selected information in the Eligible Services List.

Category:	<input type="text"/>	Telecommunications, Internet Access, Internal Connections, or Miscellaneous
	And/Or	
Function:	<input type="text"/>	Any of approximately 15 functional categories
	And/Or	
Type:	<input type="text"/>	A specific entry for a product or service in the Eligible Services List
	<input type="text"/>	
Keyword:	<input type="text"/>	A word or phrase that occurs in the Description column of the List

Search

Asynchronous Transfer Mode (ATM) Service
Asynchronous Transfer Mode (ATM) Service
Automatic Call Distribution System (ACD)
Automatic Route Selection (ARS)
Bridge
Broadband Internet Access
Broadcast / cable equipment
Broadcast Services
Cable Modem
Cable Modem Service
Cabling
Caching Components

Background - Process

- Technology Plan – What is my plan?
 - Form 470 – What services do I want?
 - Form 471 – What services did I order?
 - Form 486 – When did services start?
 - Form 472 or Form 474 – How do I receive reimbursements or discounts?
- Online filing/certification available for most forms

Background – Tech Plan

- Technology Plans
 - Not required for basic local, cellular, PCS, and/or long distance phone service and/or voice mail
 - Must be written before Form 470 filing
 - Must be approved by an SLD-certified approver before Form 486 filing or start of services, whichever is earlier
 - Must cover five areas:
 - Goals / Strategies for using technology
 - Professional development
 - Needs assessment
 - Sufficient budget
 - Evaluation process

Tech Plan and Services Requested

- ◆ Technology plans support and validate the services requested on the Forms 470 and 471. Specific services requested must be consistent with the applicant's technology plan.
- ◆ Technology plans, not Forms 470, are the appropriate vehicle to research and plan for technology needs.
- ◆ If you want to order services beyond the scope of the existing plan, you have to prepare and timely submit a new plan for approval.

Documenting Compliance

- ◆ Ensure that Technology Plan covers entirety of current Funding Year.
- ◆ Ensure that Technology Plan contains five required elements.
- ◆ Retain copy of Technology Plan Approval notification.
- ◆ Keep Technology Plan up to date and implement Evaluation component.

Form 470 - Background

- Form 470
 - Opens a competitive bidding process
 - Applicant responsible for ensuring an open, fair process and selecting the most cost-effective provider of the desired services
 - Must wait 28 days after POSTING of Form 470 to select service provider, sign contract, and sign and submit Form 471
 - Can be filed once for multi-year contracts, but 470 and RFP must indicate intent to sign multi-year contract with extensions
 - Make RFP available or list specific service/function and quantity/capacity

Form 470 – Competitive Bidding

- Competitive Bidding
 - Request for Proposal (RFP)
 - Not required under the FCC Rules, but a good idea
 - Must comply with local and state procurement laws
 - Describes your project scope, location, other requirements in detail
 - Competition
 - Goal is to have as many bidders as possible
 - Promotes better service and lower prices
 - Fair and open process
 - All bidders treated the same, no advance knowledge of RFP information
 - No secrets in the process, all bidders know what is required of them

Form 470 – Competitive Bidding

- Points to Remember:
 - Competitive bidding process must be open and fair.
 - List services sought in correct category of service (Form 471 must match).
 - Retain worksheets, bid evaluation criteria, winning AND LOSING bids.
 - Form 470 must be certified by close of Form 471 application filing window.
 - Filing online speeds processing and reduces errors.

Form 470 – Obligation to Pay

- Obligation to Pay Non-discount Share
 - Applicants are required to pay their share of the cost (the “non-discount” portion or share) — cannot be donated, forgiven or ignored.
 - Service providers cannot waive or credit the applicant’s share.
 - Offers to reduce price must be incorporated into the “total pre-discount amount.”
 - Service provider must bill the applicant for non-discount share of services.

Form 470 – RLN

- Form 470 Receipt Notification Letter (RNL)
 - Cover page of important reminders and deadlines
 - Notifies applicant that Form 470 has been posted to the SLD web site
 - System will generate RNL for Forms 470 filed online after form is submitted but before it is certified.
 - Form MUST be certified before close of Form 471 application filing window.
 - Contains Allowable Vendor Selection / Contract Award Date

Form 470 Changes

- ◆ Block 2 – Summary Description
 - Items 8, 9, 10 and 11 — Categories of service
 - Telecommunications Services
 - Internet Access
 - Internal Connections Other than Basic Maintenance
 - Basic Maintenance of Internal Connections

Form 470 Changes

- ◆ Block 2 – Summary Description
 - Item 11 — New category of service
 - Basic Maintenance of Internal Connections
 - Can request every funding year — not subject to two-out-of-five year rule
 - Must be basic maintenance as defined in Third Report and Order

Basic Maintenance

What is “basic” maintenance?

- ◆ Without the maintenance, the connection would not function and serve its intended purpose with the degree of reliability ordinarily provided in the marketplace.

Basic Maintenance

Generally eligible:

- ◆ Repair and upkeep of eligible hardware
- ◆ Wire and cable maintenance
- ◆ Basic technical support
- ◆ Configuration changes.

Basic Maintenance

NOT eligible:

- ◆ On-site technical support
 - i.e., contractor duty station is at the applicant site
 - when off-site technical support can provide basic maintenance on an as-needed basis
- ◆ Help Desks
 - that provide a comprehensive level of support beyond basic maintenance of only eligible components

Basic Maintenance

NOT eligible:

- ◆ 24-hour network monitoring
- ◆ Network management
- ◆ Technical support contracts that are more than basic maintenance.

Basic Maintenance

- ◆ If a technical support contract provides more than basic maintenance, it is fully ineligible.
- ◆ Basic maintenance funding requests are in a separate Priority 2 category of service beginning in Funding Year 2005.

Basic Maintenance

- ◆ Must be cost effective.
- ◆ Agreement must specifically identify the components covered, including product name, model number, and location.

Form 470 Changes

- ◆ Block 4 – Recipients of Service
 - Item 17 – Billed Entities
 - Warning added: if a Billed Entity cited on a Form 471 is not listed in this Item, funding may be denied for the funding requests associated with this Form 470.

Form 470 Changes

- ◆ Block 5 – Certifications and Signature
 - New certifications
 - Changed certifications
 - Name of authorized person's employer
 - Consultants must enter name of organization that employs consultant, not applicant name.

Form 470 Changes

◆ Block 5 – Item 20 certification

- All of the individual schools, libraries, and library consortia receiving services under this application are covered by technology plans that are written, that cover all 12 months of the funding year, and that have been or will be approved by an SLD-certified Technology Plan Approver prior to the commencement of service.
- Separate certification for technology plan approval status has been removed.

Form 470 Changes

◆ Block 5 – Item 21 certification

- I will post my Form 470 and (if applicable) make my RFP available for at least 28 days before considering all bids received and selecting a service provider.
- I will retain required documents for a period of at least five years after the last day of service delivered.
- I will retain all documents necessary to demonstrate compliance with the statute and FCC rules regarding the application for, receipt of, and delivery of services receiving E-rate discounts.
- I recognize that I may be audited pursuant to participation in E-rate.

Form 470 Changes

- ◆ Block 5 – Item 22 certification
 - The services the applicant purchases at discounts will be used solely for educational purposes and will not be sold, resold, or transferred in consideration for money or any other thing of value, except as permitted by FCC rules.
 - The Billed Entity has not received anything of value or a promise of anything of value, other than services and equipment requested under this form, from the service provider, or any representative or agent thereof or any consultant in connection with this request for services.

Form 470 Changes

◆ Block 5 – Item 23 certification

- I recognize that support under E-rate is conditional upon the school(s) and/or library(ies) I represent securing access, separately or through this program, to all of the resources, including computers, training, software, internal connections, maintenance, and electrical capacity necessary to use the services purchased effectively.
- Some of the above resources are not eligible for support.

Form 470 Changes

- ◆ Block 5 – Item 24 certification
 - I am authorized to order telecommunications and other supported services for the eligible entity(ies).
 - I certify that I am authorized to submit this request on behalf of the eligible entity(ies) listed on this application.
 - I have examined this request, and to the best of my knowledge, information, and belief, all statements of fact contained herein are true.

Form 470 Changes

- ◆ Block 5 – Item 25 certification
 - I have reviewed all applicable state and local procurement/competitive bidding requirements and have complied with them.
 - I acknowledge that persons willfully making false statements on this form can be punished by fine, forfeiture, or imprisonment.

Form 470 Changes

- ◆ Block 5 – Item 26 certification
 - FCC rules provide that persons who have been convicted of criminal violations or held civilly liable for certain acts arising from their participation in E-rate are subject to suspension and debarment from the program.

Form 470 Changes

- ◆ Address for paper form submission
 - Please note disappearance of (fictitious) Ms. Smith
 - Use “ATTN: SLD Form 470” for C/O field requested by express delivery services and U.S. Postal Service, Return Receipt Requested
- ◆ Remember to use the correct form
 - Dated October 2004

FCC Registration Numbers

- ◆ As required by the Fifth Report and Order, effective October 1, 2004 ALL entities that participate in the Schools and Libraries Support Mechanism MUST get an FCC RN, including:
 - Schools
 - Libraries
 - Consortium leaders
 - Service Providers
 - Consultants

FCC Registration Numbers

- ◆ Not just Billed Entities but every entity.
- ◆ If you already have an FCC RN, you do not need to get another one.
- ◆ You will need your Taxpayer Identification Number (TIN)
- ◆ Many entities can have the same TIN (for example, individual schools in a school district).
- ◆ For employers, including state and local government agencies and non-profit organizations, the TIN is the IRS-issued Employer Identification Number (EIN).

Applying for Your FCC RN

- ◆ Apply on FCC website (www.fcc.gov), then click on link for CORES.
- ◆ Libraries
 - Select Type: State or Local Agency, then closest match for subtype (likely county or township)
- ◆ Public Schools
 - Select Type: State or Local Agency, then closest match for subtype (use State or Local Commission if no others match)
- ◆ Non-Public Schools
 - Select Type: Private Sector, then closest match for subtype (use Non-Profit/Exempt Organization if no others match)

Non-instructional Facilities

- ◆ Each non-instructional facility (NIF) must have an entity number for Funding Year 2005 applications.
 - NIFs should also get an FCC Registration Number
- ◆ NIFs don't have any classrooms or public access library areas
 - If there is a classroom or public library space in the facility, the discount is calculated as if it were a school or library, not a NIF.

Non-instructional Facilities (cont.)

- ◆ Eligible Services for NIFs:
 - Month-to-month and tariffed services: eligible
 - Internal Connections: must still pass the two-part test
- ◆ Discounts for NIFs are the school district weighted average or library system average.

Form 471 – Background

- Form 471
 - Provides specific information on services, service providers selected, and contracts
 - Provides discount calculation information
 - Must be filed for each funding year
 - Must be postmarked on or before the last day of the Form 471 application filing window
 - Applicant certifies compliance with rules, which include securing access to resources to make effective use of discounts.

Form 471 – Background

- Points to Remember:
 - WAIT AT LEAST 28 DAYS from the posting of the Form 470 before
 - selecting a service provider
 - signing a contract
 - signing and submitting a completed Form 471.
 - File separate Forms 471 for Priority 1 and Priority 2 services.
 - Remove ineligible costs and document or estimate eligible costs carefully (30% Rule).
 - Filing online speeds processing and reduces errors.

Form 471 – RAL

- Form 471 Receipt Acknowledgment Letter (RAL)
 - Cover page of important reminders and deadlines
 - Provides confirmation of certain information entered from Form 471
 - Data entry errors may be corrected by submitting a copy of the RAL with the specific errors lined out and the correct information supplied — three-week deadline.
 - Funding request reductions may also be submitted before funding commitment.

Form 471 – Signatures

- ◆ FCC Rules require applicant to sign a contract prior to the filing of a completed Form 471. 47 C.F.R. §54.504(c).
- ◆ Fifth Report and Order requires both the applicant and service provider to sign the contract prior to the filing of a Form 471.
 - This rule does not apply to tariffed or month-to-month services.
 - Verbal agreements are not acceptable.
 - Quotes are not acceptable.

Form 471 – Signatures

- ◆ Applicant must provide signed and dated contracts for reviews and audits.
 - Applicant must be prepared to prove its contract meets the requirements of state contract law.
- ◆ Applicant certifies that it has signed a contract on its Form 486.

Form 471 – Reimbursement/Discount

- ◆ Service provider is required to permit the applicant prior to the submission of the Form 471 to choose the Method of Payment — BEAR v. SPI — for discounted services.
 - FCC Second Report and Order encourages the applicant and service provider to work together to determine the method of payment.
 - FCC Second Report and Order encourages including the method of payment in the contract.

Form 471

- ◆ Services Ordered and Certification Form
 - Lists individual funding requests
 - Separated by category of service
 - Separated by service provider
 - Reports information on services
 - Service start and end dates
 - Contracts signed
 - Discount percentage

Form 471 Changes

- ◆ Block 3 – Discount Calculation Worksheet
 - Three separate worksheets (schools, libraries, and consortia) merged into one worksheet.
 - Complete worksheets as before, for example:
 - Applicants must complete one worksheet for each group of recipients receiving shared services.
 - Consortia containing school districts or library systems must complete a worksheet for each of these members in order to calculate the member discount.

Form 471 Changes

◆ Block 3 – Discount Calculation Worksheet

– New fields

- NCES code (schools) or FCSC code (libraries)
- Indicator for pre-kindergarden, juvenile justice, or adult education students/facilities
- Indicator for alternative discount mechanism
- Shared service calculations (Item 9b)

Form 471 Changes

- ◆ Block 3 – Discount Calculation Worksheet
 - Individual schools complete
 - Columns 1-7
 - Name, Entity Number, NCES code, Urban/Rural status, NSLP information, discount calculation
 - Columns 9-10, as appropriate
 - Pre-K, Juvenile Justice, Adult Ed students/facilities
 - Alternative discount mechanism used

Form 471 Changes

- ◆ Block 3 – Discount Calculation Worksheet
 - School districts complete
 - Columns 1-10
 - Name, Entity Number, NCES code, Urban/Rural status, NSLP information, discount calculation etc. for each individual school as above
 - Weighted product for shared discount
 - Item 9b for school districts
 - Multiply totals of Columns 4 and 8

Eligible Users and Locations

- ◆ Also known as “Educational Purposes”
- ◆ Must understand the different treatment of Priority 1 and Priority 2

Eligible Users and Locations

Priority 1:

- ◆ Eligible activities are “integral, immediate, and proximate” to:
 - Education of students
 - Provision of library services to patrons
- ◆ Presumption is that activities on school or library property meet this standard.

Eligible Users and Locations

- ◆ Some offsite telecommunications activities may also be eligible:
 - School bus driver using a cellular phone
 - Connectivity to a mobile library van
 - Paging service for teachers on field trips

Eligible Users and Locations

Priority 2:

- ◆ Internal connections in administrative or non-instructional buildings are only eligible if “essential for the effective transport of information to an instructional building of a school or to a non-administrative building of a library.”

Equipment locations on Item 21 Attachment

- ◆ Be aware of new and important instructions for Form 471:
- ◆ “For Internal Connections products, sufficient information must be provided so that the SLD understands the installation location.”

Equipment locations on Item 21 Attachment

◆ Examples:

- “One per school”
- “District Office”
- “Entity number 12345”
- “One per location, except three will be installed at entity number 12345”

Equipment Transfers

- ◆ E-rate-funded equipment may not be transferred for money or any other thing of value.
- ◆ A no-cost transfer of E-rate-funded equipment may take place three years or more after the purchase of such equipment.
- ◆ No equipment transfer may take place prior to three years from purchase.

Equipment Transfers

- ◆ Exception to the 3-year transfer prohibition: permanent or temporary closing of the eligible entity.
- ◆ In this case, the applicant must notify USAC and maintain records of the transfer.
- ◆ Note that all entities must maintain asset and inventory records for five years.

Equipment Transfers

- ◆ The transfer limitations do not prevent an applicant from trading-in E-rate-funded equipment for other equipment with similar functionalities.
- ◆ The trade-in amount reduces the pre-discount amount of a new funding request.

30% Rule

- ◆ FCC Rules specify that if 30% or more of an FRN is ineligible, then the entire FRN is denied.
- ◆ Applicants must be able to support the dollars requested by showing either contracts or bills.
- ◆ Fudge factors are not allowed. If 30% or more of an FRN is unsubstantiated or ineligible, then the FRN is denied.
- ◆ Some increases can be explained – increased use, lines, service, etc.

Cost Allocation

- ◆ 3rd Report & Order
- ◆ Cost allocation may be used if there is mixed eligibility, including significant ineligible components, when:
 - There is clear delineation between eligible and ineligible components.
 - There is tangible basis for the delineation, even if it is not based strictly on cost.
 - Price for the eligible portion must represent the most-effective means for receiving the eligible service.

Form 471 Changes

- ◆ Block 5 – Certifications and Signature
 - New certifications
 - Budget information requested as part of Item 25 certification
 - Name of authorized person's employer
 - Consultants must enter name of organization that employs consultant, not applicant name.

Form 471 Changes

◆ Block 5 – Item 25 certification

- Entities have secured access, separately or through this program, to all of the resources, including computers, training, software, internal connections, maintenance, and electrical capacity, necessary to use the services purchased effectively.
- Some of these resources are not eligible for support.
- Entities have secured access to all of the resources to pay the discounted charges for eligible services from funds to which access has been secured in the current funding year.
- The Billed Entity will pay the non-discount portion of the cost of the goods and services to the service provider(s).

Form 471 Changes

- ◆ Block 5 – Item 25 budget information
 - Total pre-discount costs for all FRNs on this form
 - Minus total funding commitment requests on this form
 - Equals total applicant non-discount share
 - Plus total budget for non-eligible services
 - Equals total amount needed apart from E-rate
- ◆ Service provider assistance in locating funds

Form 471 Changes

- ◆ Block 5 – Item 26 certification
 - All of the schools and libraries or library consortia listed in Block 3 of this application are covered by technology plans that are written, that cover all 12 months of the funding year, and that have been or will be approved by an SLD-certified Technology Plan Approver prior to the commencement of service.
 - Separate certification for technology plan approval status has been removed.

Form 471 Changes

- ◆ Block 5 – Item 27 certification
 - Form 470 was posted and (if applicable) RFP was available for at least 28 days before selecting a service provider.
 - All bids submitted were carefully considered and the most cost-effective service offering was selected, with price being the primary factor considered.

Form 471 Changes

- ◆ Block 5 – Item 28 certification
 - The entity responsible for selecting the service provider(s) has reviewed all applicable state and local procurement/competitive bidding requirements and the entity or entities listed on this application have complied with them.

Form 471 Changes

◆ Block 5 – Item 29 certification

- The services the applicant purchases at discounts will be used solely for educational purposes and will not be sold, resold, or transferred in consideration for money or any other thing of value, except as permitted by FCC rules.
- The Billed Entity has not received anything of value or a promise of anything of value, other than services and equipment requested under this form, from the service provider(s), or any representative or agent thereof or any consultant in connection with this request for services.

Form 471 Changes

- ◆ Block 5 – Item 30 certification
 - I and the entity or entities I represent have complied with all program rules — failure to do so may result in denial of discount funding and/or cancellation of funding commitments.
 - There are signed contracts covering all of the services listed on this Form 471 except for those services provided under non-contracted tariffed or month-to-month arrangements.
 - Failure to comply with program rules could result in civil or criminal prosecution by the appropriate law enforcement authorities.

Form 471 Changes

- ◆ Block 5 – Item 31 certification (not new)
 - The discount level used for shared services is conditional, for future years, upon ensuring that the most disadvantaged schools and libraries that are treated as sharing in the service, receive an appropriate share of benefits from those services.

Form 471 Changes

- ◆ Block 5 – Item 32 certification
 - I will retain required documents for a period of at least five years after the last date of service delivered.
 - I will retain all documents necessary to demonstrate compliance with the statute and FCC rules regarding application for, receipt of, and delivery of services receiving discounts.
 - I may be audited pursuant to the E-rate program.

Form 471 Changes

◆ Block 5 – Item 33 certification

- I am authorized to order telecommunications and other supported services for, and to submit this request on behalf of, the eligible entity or entities listed on this application.
- I have examined this request and all of the information on this form is true and correct to the best of my knowledge.
- The entities that are receiving discounts pursuant to this application have complied with the terms, conditions and purposes of the E-rate program, and no kickbacks were paid to anyone.
- False statements on this form can be punished by fine, forfeiture, or imprisonment.

Form 471 Changes

◆ Block 5 – Item 34 certification

- Persons who have been convicted of criminal violations or held civilly liable for certain acts arising from their participation in the E-rate program are subject to suspension and debarment from the program.
- I will institute reasonable measures to be informed, and will notify USAC should I be informed or become aware that I or any of the entities listed on this application, or any person associated in any way with my entity and/or the entities listed on this application, is convicted of a criminal violation or held civilly liable for acts arising from their participation in the E-rate program.

Form 471 Changes

- ◆ Block 5 – Item 35 certification
 - If any of the Funding Requests on this Form 471 are for discounts for products or services that contain both eligible and ineligible components, I have allocated the cost of the contract to eligible and ineligible components as required by FCC rules.

Form 471 Changes

- ◆ Block 5 – Item 36 certification
 - This funding request does not constitute a request for internal connections services, except basic maintenance services, in violation of the FCC requirement that eligible entities are not eligible for such support more than twice every five funding years beginning with Funding Year 2005 as required by FCC rules.

Form 471 Changes

◆ Block 5 – Item 37 certification

- The non-discount portion of the costs for eligible services will not be paid by the service provider.
- The pre-discount costs of eligible services featured on this Form 471 are net of any rebates or discounts offered by the service provider.
- For the purpose of this rule, the provision, by the provider of a supported service, of free services or products unrelated to the supported service or product constitutes a rebate of some or all of the cost of the supported services.

Form 471 Changes

- ◆ Address for paper form submission
 - Please note disappearance of (fictitious) Ms. Smith
 - Use “ATTN: SLD Form 471” for C/O field requested by express delivery services and U.S. Postal Service, Return Receipt Requested
- ◆ Remember to use the correct form
 - Dated October 2004

Funding Commitment Decision Letter

- Funding Commitment Decision Letter
 - Cover page of important reminders and deadlines
 - FCDL reports status of individual funding requests:
 - Funded
 - Not Funded
 - As Yet Unfunded (Internal Connections)
 - Service provider does not receive this status
 - Canceled
 - May receive more than one FCDL

Funding Commitment Decision Letter

- Points to Remember:
 - Check all entries on the FCDL carefully to make sure there are no data entry errors.
 - Applicants use the information on the FCDL to prepare the Form 486.

Form 486 - Background

- Form 486
 - Notification that services have started and the SLD can pay invoices
 - Certifies that Tech Plan (if required) has been approved.
 - If Tech Plan has not been approved by SLD-certified approver, the application is subject to denial and invoices will not be paid.
 - Certifies status under Children's Internet Protection Act (CIPA).
 - Lead members of consortia may be required to collect CIPA certifications from consortium members on a separate form (Form 479).

Form 486 - Background

Form 486 Deadline

Form 486 must be postmarked no later than

- 120 days after the Service Start Date featured on the Form 486 OR
- 120 days after the date of the Funding Commitment Decision Letter whichever is later.
- If Form 486 is postmarked later than the above deadline, the date 120 days before the Form 486 postmark date will become the start date for discounted services and funding may be reduced.

Form 486 - Background

- Recurring Services
 - June 30 of funding year
- Non-recurring Services
 - September 30 following the close of the funding year
 - Deadline automatically extended to September 30 of the following year for FCDLs, service substitution approvals, and SPIN change approvals dated on or after March 1 of the funding year.
 - Applicants can also request extension for specific reasons involving difficulties with delivery of services by service provider.

Discount or Reimbursement

- Invoices — Form 472 or Form 474
 - BEAR (Billed Entity Applicant Reimbursement) Form 472 is filed by the applicant and certified by the service provider after the applicant receives services and pays for the services in full.

OR

- SPI (Service Provider Invoice) Form 474 is filed by the service provider after providing services and billing the applicant for its non-discount share.

Discount or Reimbursement

Invoice Deadlines

Invoices must be postmarked no later than

- 120 days after the last date to receive service OR
- 120 days after the date of the Form 486

Notification Letter whichever is later.

- If an invoice is postmarked later than the above deadline, payment will be denied.
- Extensions of invoice deadlines may be requested under certain conditions

Discount or Reimbursement

- BEAR Notification Letter
 - Cover page of important reminders and deadlines
 - Provides confirmation that a Form 472 (BEAR) has been successfully data entered.
 - Indicates what amounts are being paid and reason for reductions/denials.
- SPI Electronic Notification – Invoice Status Report
 - Service provider can receive an electronic notification.

Three types of SPIN Change

- ◆ Corrective SPIN Change – to correct data entry errors or where the applicant used the wrong SPIN for the service provider selected
- ◆ Global SPIN Changes – mergers or acquisitions in whole or in part
 - Considered a Corrective SPIN change
- ◆ Operational SPIN Change – only available after receipt of FCDL

Vendor SPIN Change

- ◆ For changes to a new service provider
- ◆ Applicant must make three certifications:
 - Change allowed under local procurement laws
 - Change allowed under terms of contract
 - Original service provider notified of intent to change
- ◆ Can NOT be used for telecommunications services if new SPIN is not a telecommunications carrier

Service Substitutions

- ◆ Service substitution: a request to change the details of the Item 21 Attachment.
- ◆ The SLD is considering a new approach to service substitutions that will improve processing efficiency.
- ◆ New approach is based on the “Functions” and “Product Types” that will be integral to the 2005 Eligible Services List.

Service Substitutions

The concept:

- ◆ If a proposed service sub makes no change in “Product Type,” then it can receive expedited processing.
- ◆ Examples:
 - A router for a router
 - A UPS for a UPS
 - A PBX for a PBX.

Service Substitutions

Additional concept:

- ◆ No change in “Function” meets FCC requirements for “same functionality.”
- ◆ Examples:
 - A router for a switch (data distribution)
 - A UPS for a tape backup (data protection)
 - A PBX for a key system (telephony).

Wide Area Networks

WAN infrastructure costs:

- ◆ Up-front service provider capital costs greater than \$500,000 must be amortized over at least three years.
- ◆ Applicants must re-apply each year for the amortized amount.

Wide Area Networks

WAN infrastructure costs:

- ◆ The SLD will scrutinize funding requests that have characteristics of:
 - Exclusive access
 - A lease-purchase agreement
 - High up-front costs

Wide Area Networks

Components at the applicant site:

- ◆ Presumption that components at the applicant site are internal connections can be overcome in some cases.
- ◆ “Basic terminating equipment” may be a part of a WAN service.
- ◆ Examples of basic terminating equipment:
 - CSU/DSU
 - Network interface device
 - Fiber-to-copper converter

Wide Area Networks

Components at the applicant site:

- ◆ Among the conditions that must be satisfied:
 - WAN components only
 - A single, specific demarcation between WAN and LAN
 - No contractual or technical limitation against the service provider making WAN facilities available to other customers (for configurations that would normally be shared in other similar arrangements).

Document Retention

- ◆ Remember 5-year retention requirement for all documents.
- ◆ Good recordkeeping is ESSENTIAL.
- ◆ Keep copies of EVERYTHING.
- ◆ Keep these documents with E-rate files, or copies, if accounting department keeps its own files.

Purpose of Site Visits

- ◆ Two Purposes:

1. Robust after the fact physical site review to help curb waste, fraud and abuse.
2. Enhanced outreach to the school and library community.

Site Visit Selection

- ◆ Visits will be generally random based on receipt of recent invoices
 - Indicates that products/services have been delivered
- ◆ Visits will be short and focused.
- ◆ Visits will include locations across all states and territories that receive E-rate funds.
- ◆ Applicant will be notified one to two weeks prior to visit and will be given a list of specific documentation to have ready.

Site Visit Process

- ◆ Reviewer will interview applicant to determine any specific difficulties the applicant has experienced with E-rate
- ◆ Reviewer will gather applicant suggestions on additional outreach that USAC could provide to improve the E-rate process and program.
- ◆ Reviewer will determine what is the most effective means to disseminate important information to the applicant community.

Document Retention

- ◆ Types of records to retain include:
 - Competitive bid documents
 - RFPs, bids, quotes, proposals, etc.
 - Signed contracts
 - Service provider bills to customers
 - Detail of services/products and locations
 - Indicate entity(ies) receiving service/products
 - Delivery/installation dates
 - Applicant payments
 - Cancelled checks
 - Service credits for any reason

How To Prepare For An Audit

What To Have Available - Bidding

- ◆ Overview of the selection process including criteria and weighting of the criteria
- ◆ RFPs issued
- ◆ Copies of all bids received (winning and losing)
- ◆ Contracts for supported services
- ◆ Copy of procurement policy and procedure
- ◆ Bid evaluation documentation including evaluation worksheets
- ◆ List of all vendors supplying E-rate services including contact information
- ◆ If applicable, copies of state and local procurement regulations and procedures
- ◆ Any available documentation that indicates that all bids were considered

How To Prepare For An Audit

What To Have Available - Invoicing

- ◆ Detailed procedure for validating and processing vendor bills and submitting invoices to SLD (if applicable)
- ◆ Documentation verifying date of receipt of equipment
- ◆ Copies of invoices (BEAR Forms) for supported services
- ◆ Reconciliation by FRN of vendor bills to invoices submitted to SLD
- ◆ Documentation of any SPIN change request including copy of notice to original service provider
- ◆ Documentation of payment (canceled checks) of payment for E-rate services to vendors
- ◆ Documentation or receipt and deposit of any amounts received for BEAR invoices

How To Prepare For An Audit

What To Have Available - CIPA

- ◆ Copy of the Internet safety policy
- ◆ Documentation of the adoption of the Internet safety policy
- ◆ The date and a copy of the minutes of the public hearing regarding the Internet safety policy
- ◆ Copies of Forms 479 and/or Forms 486, if applicable

How To Prepare For An Audit

What To Have Available - Services

- ◆ Copy of the technology plan(s) and approval letter(s) covering the complete year under review
- ◆ Summary of the technology environment and a high-level network diagram
- ◆ Any other documentation on the services (such as training and workstations) necessary to make effective use of E-rate discounts
- ◆ List of E-rate equipment including references to vendor invoice, SLD invoice, serial number, and current physical location

How To Prepare For An Audit

What To Have Available - Other

- ◆ OMB A-133 audit, if applicable
- ◆ Reports of any other audits conducted that relate to either E-rate program or the NSLP.
- ◆ Copies of financial statements and annual budgets
- ◆ Documentation and supporting worksheets for the discount calculation
- ◆ Copy of the records retention policy
- ◆ Description of the E-rate team including, staff, vendors, and consultants. This should contain their roles and responsibilities.
- ◆ Any correspondence from or to USAC, the FCC, potential E-rate vendors, or any E-rate team member
- ◆ For consortia, letters of agency

Assistance

- SLD main page of USAC web site
 - www.sl.universalservice.org
- Client Service Bureau
 - Use the “Submit a Question” link on the web site
 - Fax toll-free at 1-888-276-8736
 - Telephone toll-free at 1-888-203-8100